



Memorandum

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Be energy efficient!*

To: CHIEF DEPUTY DIRECTOR
DEPUTY DIRECTORS
DISTRICT DIRECTORS
DIVISION CHIEFS

Date: March 14, 2007

From: 
CINDY MCKIM
Chief Financial Officer
Finance


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Chief Engineer

Subject: PROGRAMMING STATE HIGHWAY OPERATION AND PROTECTION PROGRAM
CAPITAL OUTLAY SUPPORT COSTS

The passage of Proposition 1B in November 2006, augmented the State Highway Operations and Protection Program (SHOPP) with an additional \$500 million to finance additional SHOPP projects on the state highway system. This augmentation will finance both capital outlay and capital outlay support. To effectively implement and manage the new bond financial resources within the SHOPP, and to support the implementation of the Governor's Bond Accountability Executive Order (Executive Order S-02-07), both capital outlay and capital outlay support will be programmed into the SHOPP for bond-funded projects. Capital outlay support will be programmed at the project component level (PA&ED, PS&E, R/W and Construction).

In addition, programming capital outlay support will be fully implemented in the remainder of the SHOPP during the 2008 programming cycle. Currently, capital outlay support is published in the SHOPP programming document for information only as a lump sum for each project.

Programming both capital outlay and capital outlay support into the SHOPP provides the best opportunity to maximize the system performance outcomes that can be realized from the limited State Highway Account and Proposition 1 B bond funds that are used to finance SHOPP projects. It is also another important step towards realizing a program-level support to capital ratio for SHOPP projects of 32 percent.

Further guidance will be coming forward for the 2008 SHOPP programming cycle.